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SUBJECT President's Trip to East Asia: Sub-IG Meeting on
Thailand and the Philippines, August 12, 3:00 PM

Enclosed are the trip-oriented issue papers that I would like
to discuss at the meeting Friday.

John Monjo

John Monjo
Deputy Assistant Secretary of State
East Asian and Pacific Affairs

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ISSUE PAPER
Thailand: Extradition Treaty

ISSUE

An extradition treaty has been initialed in Washington, but one article remains "bracketed" (i.e. not agreed).

Where do we stand:

In July, U.S. and RTG delegations initialed a agreement on extradition which brings up to date our current treaty which was signed in 1922. The only portion of the text which has not been agreed is that which deals with capital punishment. In brief, the U.S. needs to have an article included which allows the Secretary of State to seek assurances that an individual who is charged with a crime punishable by death under Thai law, but which does not carry the death penalty in the U.S. (e.g. malfeasance in public office), will not in fact be executed. We believe that the treaty could not gain Senate consent without this provision.

Where do we want to end up:

We want to gain signature by the President of the extradition treaty during the President's visit to Bangkok.

Steps to take:

We are now pressing the most senior RTG officials to approve the text of the treaty as it stands. If there is no movement, we could call in the Thai Ambassador here, to make clear our position and to urge rapid Cabinet concurrence with the draft.

Presidential Involvement:

We expect the President to be able to sign the treaty for the United States during his visit. If we are unsuccessful in persuading the RTG to allow signature during the visit, we would ask the President to commend the current text of the treaty to the Thai Foreign Minister during their meeting in Bangkok.

EA/T: 8/9 [4599L]

ISSUE PAPER
Thailand: Prisoner Exchange Treaty

ISSUE

The United States has signed, but we have not ratified, a treaty with Thailand on exchange of prisoners, (technically called the Treaty ... on Cooperation in the Execution of Penal Sentences). The treaty must be ratified by both the U.S. and Thai legislatures. This agreement is a candidate for a formal ratification ceremony during the President's visit to Bangkok.

Where do we stand:

Attorney General Smith signed the treaty on behalf of the United States in Bangkok in December, 1982. The transmittal to the Senate has been prepared by the Office of the Legal Advisor (State). We expect that inter-agency (State and Justice) clearances will be completed soon. The U.S. Embassy has pressed the RTG to speed the process of ratification on the Thai side. We expect the matter will be taken up during a special session of the Thai Parliament this summer.

Where do we want to end up:

We want to arrange an exchange of instruments of ratification during the President's visit to Bangkok.

Steps to take:

We are expediting the executive branch clearances. We will then need to arrange with the Senate Foreign Relations committee to report out this treaty and to bring it to a floor vote at an early date. After the Senate vote, about two weeks will be required to prepare the actual document for formal exchange of instruments. We will also have to ensure that the Thai take parallel action.

Presidential Involvement:

Assuming we receive timely Senate and RTG action, we expect that the President preside over the exchange of instruments during his visit to Bangkok.

EA/T: 8/9 [4601L]

Thailand: Refugees

ISSUE

The Thai are concerned over being left with a residue of refugees as the major resettlement countries appear to be reducing their annual offtake.

Where do we stand:

The United States has repeatedly assured the RTG of our resolve to do our fair share in the international effort to maintain an offtake from Thailand of refugees from Indochina and has continued to support other international efforts to relieve Thailand. Notwithstanding these assurances, the Thai have seen a steady decline in the numbers of refugees authorized for admission to the U.S. The authorized ceiling for East Asia in FY 83 is 64,000; the probable offtake will be 38,000 including 22,000 from Thailand. We plan to propose a ceiling of 46,000 for that region for FY 84.

Where do we want to end up:

We hope to provide assurances to Thailand of both our resolve and our ability to maintain offtake. We hope that the President will address this in his discussion with the Thai Prime Minister.

Steps to take:

We should evaluate the results following the recent revision of the INS (Immigration and Naturalization Service, Justice) guidelines on admissions to the United States. These guidelines should improve the situation. We should be prepared to brief the President on both 1983 admissions and our expectations for admissions in 1984.

Presidential Involvement:

The President should address this issue in his meeting with the Thai Prime Minister. If we do not raise this issue, we may expect the Thai side to do so.

EA/T: 8/9 [4602L]

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Presidential Involvement:

The President should address this issue in his meeting with the Thai Prime Minister. If we do not raise this issue, we may expect the Thai side to do so.

EA/T: 8/9 [4602L]

ISSUE PAPER
Thailand: Civil Aviation

ISSUE

The Thai Government has asked for consultations under our bilateral civil aviation agreement. They have sought additional flights to the United States through Seattle for some time, and have not gained these rights through several rounds of consultations with us.

Where do we stand:

The current bilateral agreement on civil aviation with Thailand provides for unlimited access to the United States along routes through California, but increase in access through Seattle has been restricted by a "footnote" which requires our consent to any increase. The justification for this condition has been the crowded conditions which prevail at Narita airport (near Tokyo) which is the take-off point for this route in Asia. There is disagreement among the U.S. agencies on consultations and our position on the Thai request. We agreed to consultations before the end of the year at the conclusion of our last meeting, and the RTG has asked that we consult in Bangkok. If we have not responded favorably to the RTG request for consultations before the visit, we may expect the RTG to raise the issue with the President.

Where do we want to end up:

We want to agree with the RTG to set consultations before the end of the year. We do not want the issue to arise during the President's visit, since the issues are highly technical and will be matters for interagency discussion. U.S. air carriers, in recent discussions, have strongly resisted increase in access to the United States for Thai International Airways, or other foreign carriers.

Steps to take:

The Department should gain inter-agency agreement for consultations in Bangkok, and should seek agreement on the substance of our position. We should convey our agreement to consultations to RTG as soon as possible, in order to remove the issue from the agenda for the President's visit.

Presidential Involvement:

We expect no presidential involvement if our scenario is followed. If we are unable to gain inter-agency concurrence to consultations before the end of the year, we may expect the RTG to raise the issue with the President or his senior staff during the visit.

EA/T: 8/9 [4604L]

SECRET

PHILIPPINES: SECURITY ASSISTANCE

ISSUE

Fulfilling our "best efforts" pledge for FY 85 in President Reagan's May 31, 1983, letter to President Marcos to provide \$25 million MAP, \$60 million FMS, and \$95 million ESF in conjunction with the 1983 Review of our Military Bases Agreement, subject to Congressional approval.

Where do we stand:

We kept the appropriate Congressional committees informed about the course of the MBA review and its eventual outcome. Many members were pleased by the relatively low cost for the continued unhampered use of the bases. However, Chairman Solarz of the House Foreign Affairs Asian and Pacific Subcommittee has indicated that he might wish to alter the mix in the security assistance package in order to signal dissatisfaction with Marcos' human rights record. (He may make these views known during his Aug. 17-20 visit to the Philippines.) In our view, such an action would have serious consequences for our security relationship and base use and could lead us back to the negotiating table with the Filipinos.

Where do we want to end up:

With Congressional approval of our full FY 85 Security Assistance request of \$180 million for the Philippines.

Steps to take:

Continue consultation with the appropriate House and Senate committees. Line up support among Congressional allies to prevent attempts to reconfigure the security package to provide the Philippines less military assistance.

Presidential Involvement:

Assure President Marcos that the Executive Branch will do all that it must with the Congress to fulfill the President's best efforts pledge in connection with our FY 85 security assistance legislation.

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PHILIPPINES: HUMAN RIGHTS

ISSUE

Discussion of the insurgency threat, political "normalization," the May, 1984, parliamentary elections, and human rights in general.

Where do we stand:

We maintain a diplomatic dialogue with GOP leaders and at the working level on human rights. In recent years, the Marcos Government has eased limits on some civil liberties (e.g., press freedom and assembly), but significant problems persist, notably military abuses in insurgency areas. Over the past several months, the government, citing the growing communist insurgency threat, has hardened its stance toward the moderate opposition and activist Catholics and has caused problems with the Catholic Church. Cardinal Sin, the primate of Manila, has publicly opposed U.S. military assistance on grounds that it will be used to suppress legitimate dissidents. Moderate oppositionists planning to participate in next year's parliamentary election regard the government's hardened stance as evidence that the GOP will not permit fair competition in the elections.

Where do we want to end up:

With the commitment of the Marcos government to an open and fair parliamentary election in 1984 with the participation of the legitimate opposition.

Steps to take:

Informally prepare the way by apprising Ambassador Romualdez of our interest in human rights and the 1984 parliamentary elections in connection with the Presidential visit. Consider a later preparatory approach to President Marcos by Ambassador Armacost.

Presidential Involvement:

Inclusion in his public and private remarks in Manila of some reference to the 1984 parliamentary elections and a reiteration of U.S. human rights policy.

Public commendation of the Philippine Government's (and Mrs. Marcos') human rights/humanitarian interest in refugees through the Bataan Refugee Processing Center.

Privately, assure the U.S. media that the President discussed human rights with Philippine leaders, and that such discussions are part of our traditional diplomacy.

SECRET

ISSUE

The Philippine Government is attempting to impose a 40/40/20 cargo sharing regime on our bilateral maritime liner trade, i.e., U.S. and Philippine-flag carriers would each carry 40 percent of the cargo with the remaining 20 percent left for third-flag carriers. The Filipinos have begun to implement their cargo sharing regime through a system which requires waivers to ship on third-flag carriers. The State Department and the Federal Maritime Commission have received numerous complaints from U.S. shippers and third-flag carriers about their problems with the waiver system.

Where we stand:

The President decided at an August 4, 1982 meeting of the Cabinet Council on Commerce and Trade that the U.S. would continue to resist cargo sharing regimes and would undertake bilateral agreements to protect U.S.-flag carriers only if resistance failed. We have complained to the Filipinos on several occasions, both here and in Manila, without results. During U.S./Philippine maritime consultations here in February, we tabled a draft procompetitive maritime agreement which would provide for a limited amount of government-impelled cargo to be reserved, but leave all commercial cargo open to competition by all flags. Our draft agreement was not acceptable to the Filipinos. We understand that they have prepared a counter proposal but it has not yet been presented to us.

Where we want to end up:

The preferable outcome would be for the Philippine Government to rescind its cargo sharing legislation, or to discontinue all enforcement efforts. Another acceptable outcome would be the conclusion of a bilateral procompetitive maritime agreement along the lines of the agreement we tabled in February.

Steps to take:

It is highly unlikely that the Filipinos will change their course in the near future and no action is required at this time. However, the Federal Maritime Commission is following this issue closely and may decide that some retaliatory action against the Philippine-flag carriers would be appropriate. This prospect may eventually encourage the Filipinos to become more conciliatory.

Presidential Involvement:

If this issue is raised, the President may wish to reiterate the Administration's commitment to free trade in all areas including maritime. This a complex and contentious issue and we would not recommend any Presidential involvement at this time if it can be avoided.

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PHILIPPINES: CIVIL AVIATION

ISSUE

Resolution of outstanding bilateral aviation problems and full implementation of our 1980 Air Transport Agreement and 1982 Memorandum of Understanding.

Where do we stand:

In 1980 we concluded an air transport agreement with the Philippines. The USG agreed to certain modifications of the agreement in a 1982 MOU in exchange for implementation of most of the 1980 agreement. We are now preparing to commence formal consultations on our civil aviation relationship beginning August 22, 1983. The agenda for this meeting includes the pricing article, business opportunities, and capacity. We expect the Philippine Government will attempt to retain capacity controls of U.S. airlines and limit pricing flexibility. We would not find such proposals acceptable.

Steps to take:

We will begin formal consultations on August 22.

Presidential Involvement:

We do not anticipate the necessity of any Presidential involvement. We are not prepared to negotiate a new agreement with the Philippines (the 1980 Agreement has not yet been fully implemented) and although we anticipate the negotiations will be difficult, Presidential involvement at this time would be premature.

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PHILIPPINES: CBI

ISSUE

Philippine concerns over how the CBI might adversely affect their sugar exports to the U.S.

Where do we stand:

We have responded to a GOP note and Aide Memoire expressing concerns over how the CBI might adversely affect their sugar exports to the U.S. We pointed out that in recognition of the interests of other suppliers such as the Philippines the legislation limits the amount of sugar which the larger Caribbean exporters can ship to the U.S., and emphasized that in our view the CBI will not produce the significant market displacement feared by the Philippines. As yet there has been no GOP reaction to the U.S. response.

Where do we want to end up:

Philippine acceptance of the CBI.

Steps to take:

We should continue to stress to the GOP that the CBI legislation is designed to provide duty-free access but still cap the amount of sugar which larger Caribbean exporters can ship to the U.S. This limitation was intended to limit market displacement flowing from duty-free treatment of sugar, in specific recognition of the interest of other suppliers, such as the Philippines.

Presidential Involvement:

If the GOP accepts our response on the CBI question, there should be no need for this issue to arise. If the issue is raised, points as noted above should be made to GOP officials.

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PHILIPPINES: GSP

ISSUE

Philippine attempts to obtain an exemption from the competitive need limits of the GSP.

Where do we stand:

The Philippines has for several years sought to obtain an exemption from the competitive need limits of the GSP. The basic GSP legislation, the Trade Act of 1974, provides that the President may, at his discretion, lift the competitive need limitation for any country which meets three criteria. Those criteria include a provision that "there is a treaty or trade agreement in force covering economic relations between such country and the United States;" the intent of Congress in including this provision was to provide an incentive for the Philippines to enter negotiations for a successor treaty to the Laurel-Langley agreement. As no such treaty was concluded, the Philippines do not meet the conditions which would allow the President to consider a waiver. Furthermore, with the GSP system under attack in this period of strong pressure for protection, and its legislation up for review, the President would risk losing the program if it were to be applied with special exceptions.

Where do we want to end up:

Avoid consideration of exemption for Philippines.

Steps to take:

Discourage Philippine request for exemption.

Presidential Involvement:

No Presidential involvement is required since the existing criteria for a Presidential consideration of a waiver of competitive need limits are not met, and a Presidential recommendation for a waiver provision in the new legislation could damage the chances of renewal for the entire program.

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PHILIPPINES: CVD

ISSUE

U.S. Countervailing Duty on import of canned tuna from the Philippines.

Where do we stand

The Commerce Department made a preliminary finding on August 8 that requires a bond of 1.3 percent of value be posted on imports of canned tuna from the Philippines. A final decision is to be made at the end of October. The finding was the result of an investigation following a complaint by U.S. tuna interests that there was a 10 percent subsidy on tuna imports from the Philippines. Preliminary finding of a much smaller subsidy than alleged should not have a major adverse impact on Philippine exports of canned tuna to the U.S. which we valued at \$30 million in 1982.

Where do we want to end up:

Assure a fair access to U.S. market for Philippine products that is consistent with U.S. laws governing entry of subsidized imports.

Steps to take:

Encourage Philippines to become members of the subsidy code if they see it in their own interests to do so.

Presidential Involvement:

The way the U.S. law on subsidized imports is structured, there is no way it can be altered for country-specific, political policy reasons. Thus, there is no need for the President to be involved.

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PHILIPPINES: TEXTILES

ISSUE

Possible Philippine request for consultations on increased quota levels in certain categories of textiles.

Where do we stand:

The U.S. and the Philippines exchanged notes on November 24, 1982 establishing a new four-year bilateral textile agreement effective January 1, 1983 relating to trade in cotton, wool and man-made fiber textiles and textile products. The U.S. discouraged the Philippines earlier this year from formally requesting consultations on increased quota levels. However, given the significant increase in U.S. orders received by Philippines exporters, the GOP may be under increasing pressure to ask for consultations before the end of the year.

Where do we want to end up:

Avoid opening the agreement to pressures from the industry for reductions in some heavily shipped garment and textile categories.

Steps to take:

Discourage Philippine efforts to open consultations on the present agreement. The GOP should be made aware that, taken as a package, the growth rates, quota levels and flexibility provision of the Philippine agreement are among the most generous we have negotiated with any country.

Presidential Involvement:

Future requests for consultations on specific categories by the U.S., which lead to additional specific limitations on Philippine exports, could result in a request by the Philippines to discuss textiles at the presidential level.

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MESSAGE NO. 916 CLASSIFICATION SECRET No. Pages 13FROM: EA: KMichalak EA 632-2146 6205
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